

ORGANISING FOR TOURISM

a report by

T. J. O'Driscoll

Indian Institute of Public Administration

New Delhi

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(This report was prepared by Dr. O'Driscoll, Director General, Bord Failte - the Irish Tourist Board, at the request of the Indian Institute of Public Administration. His services were made available with Ford Foundation assistance. The views in the report are, however, his own and do not necessarily reflect those of either institution.)

Indian Institute of Public Administration

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A REPORT TO THE INDIAN INSTITUTE OF PUBLIC ADMINISTRATION

My terms of reference were contained in a letter of June 13 from Mr. V. S. Desikachari. They are:-

- (i) General comments on the Department of Tourism's organizational structure.
- (ii) Relationships between Central and State Tourist Offices.
- (iii) Relationships between Centre and State Offices and India Tourism Development Corporation.
- (iv) General Suggestions for improvement of present operations.
- (v) Means to motivate increased tourism.

INTRODUCTION:

There are some one hundred national tourist boards in the world at present and all of them are different. There is no standard international form but usual activities include information offices, publicity, local improvements, financing,

incentive schemes, and the enforcement of regulations. According to needs, emphasis may be on one or more activities - much depends on the state of a country's public and social organizations, on whatever activities are already the concern of central or local government or other public or private bodies. To produce order and progress each national organization must, with insight and clarity, identify its own job and must not merely copy the operations of others. The Indian national tourist organization should be the expert body closely in touch with all that is being done in the country and outside aiming to do itself what only an official agency can do and, at the same time, to advise, assist and cooperate in what can best be done by other interests - local, regional, and sectional. Its value does not consist only in what it can do itself. Its use is largely in the outside effort that it inspires.

Tourism is one of the oldest activities of people and one of their newest international industries. This tempts some to hastiness or superficiality of thinking. Tourism seems such a simple matter -- just people holidaying as people always did, only more extensively so. Many, without qualifying themselves for the role, are inclined to regard themselves as competent to speak authoritatively on tourism. They know what should be done or how it should be done, what the national tourist organization should do, and how it should do it. Their opinions seem to them like facts others are neglecting to act on. "Get people here to enjoy our hospitality" - what should be done may be thought of as simply as that.

Far from being a simple matter, tourism is unusually complex and the tourist's simple holiday turns out to be a compound purchase of travel, accommodation, catering, entertainment, and the usual personal needs. The motivating and determining factors of his actions under each of these headings are still not fully understood, although he is the object of energetic international competition. A national tourist body cannot be organized and operated on a general assumption that tourism is a simple matter, is just getting people to enjoy the national brand of hospitality.

Tourism as a sphere of government concern is a fairly new phenomenon and in many countries, including India I feel, has not yet received the right degree of government recognition. It is one of the tasks of those directly responsible for tourism to convince government and public of the economic

importance and seriousness of the tourism sector in order to insure that it get the proper ranking in government budgeting and planning priorities. India is one of the countries where tourism is already of some importance and with proper handling could become a very important factor in the economy.

THE POTENTIAL FOR INDIAN TOURISM

Total earnings by India in terms of foreign exchange from tourism in 1968/69 are estimated at Rs.275,200,000 (US \$ 36.7 million). I have seen three sets of figures as to the number of tourists expected to come to India by 1973. These figures range from the 381,000 tourists forecast by the Department of Tourism for 1973 to the target of 600,000 tourists by 1973 set by the Minister for Tourism and Civil Aviation. In between is the projection of the Boeing Aircraft Company for visitors to India in 1973 of 416,000. The Hotel Review and Survey Committee which recently reported, discussed very carefully all three projections in detail and decided to adopt the Boeing projection. But they also accepted other projections which showed that the target of 600,000 tourists is attainable by 1976. Following the projections accepted by this Committee and applying the individual rate of spending recently calculated by the Indian Institute of Public Opinion for the Department of Tourism over the period October 1968 to April 1969 of Rs.1,360, the expected income in rupees ($600,000 \times 1,360$) by 1976 will be Rs. 816 million plus (US \$ 109 million). If this revenue were now being earned it would represent about five percent of India's total foreign exchange earnings. The figure becomes more impressive if there is added to it, as I think should be done, the revenue of Air India from foreign tourists coming to or leaving India. The inclusion in tourism revenue of receipts by national carriers from foreign tourists is accepted by the OECD countries as entirely legitimate.

My feeling is that these figures are on the conservative side and that given the right degree of investment, current and capital, in tourism, and the right degree of forceful and accelerated handling by the national tourist organization, this revenue can be exceeded.

India must benefit from the world situation of tourism. Tourism is now the largest single item in world trade and has shown in recent years a faster rate of growth than world trade

in merchandise. There is every reason to expect the expansion of tourism to continue. The major industries catering for the traveller, transport, accommodation and many other service trades are investing heavily in expansion, e.g. Air India in Boeing Superjets (747's). Their future depends on an increasing number of people travelling for pleasure rather than on business. Technological development expands the mobility of the individual and there is bound to be an increasing movement of people beyond political boundaries. International tourism is still very much a matter of traffic between developed countries but there is a rising flow of traffic from the developed countries to the developing countries. Incidentally, tourism provides a means of re-distributing wealth in the right direction. Tourists tend to move from the richer cities and regions to less developed regions both between countries and inside countries.

Tourism since the war has proved itself not to be a "hothouse industry" as I heard it described since I came to India. Despite setbacks in individual areas due to economic recession or political instability the annual rate of increase in international travel has been outstandingly high. Tourism indeed has shown itself to be a stable growth industry. The present volume of traffic is still minute in relation to the potential which can be developed with the lengthening period of paid holidays, increasing affluence, and the fashion of more than one annual holiday. For individual countries this inevitably means some growth in their tourism revenue but an impressive rate of growth, which is what India requires, will depend on being competitive in the market. The forecast of revenue in 1976 gives an indication of the overall budget which should be provided for the national tourist organization. Expenditure on promotion of the order of three to five percent of total tourism earnings is justifiable. In 1976 this, at five percent, would represent Rs.41 million. The present budget of the Department of Tourism is Rs.19.8 million of which promotional expenditure is, I estimate, less than two-thirds. There is a time lag in the return from investment, capital and current, in tourism, and because of this it would be wise to increase the percentage expenditure perhaps to ten percent of revenue in the early years so as to accelerate the return. This is, of course, conditional on the expenditure being carried out efficiently and economically by the right type of organization.

BASIC CONSIDERATIONS:

I have read the material prepared by the Institute on the Department of Tourism. It is a very impressive analysis and, if I may say so without pretentiousness, a very well-founded collection of recommendations for the future. It seems to me, however, that there are certain basic factors which need to be settled before the detailed organization can properly be drawn up. These factors are a clear, simple definition of the function of the national tourist organization, the desirability or not of institutional change, i.e. a new type of national tourist organization for India, the question of priority for export tourism, the relationship of public enterprise and private enterprise and finally, the introduction of the marketing concept into the tourist organization of the future.

1. FUNCTION:

It is important that the government recognizes that tourism can represent one of the most hopeful economic resources of the country. It is also important that in formulating its tourism policy the government should clarify its thinking as to the objectives of tourism development. Tourism has significant cultural, aesthetic, social and political implications. The formulation of India's tourism program on the other hand should be determined, at least in the short term, by considerations of economic policy, on the basis of the benefit to the economy which may be expected to follow. On this reasoning and reducing the statement to its simplest form the function of the national tourist organization would be "to improve the economy of India through tourism by increasing expenditure by visitors to the country." One way of increasing expenditure is by increasing numbers. It is not the only way.

It follows from the definition of function that the concentration of effort will be on increasing tourist expenditure to increase tourism earnings. This carries with it a number of implications. For instance, it implies that the market for India to reach will not be a mass market but a high-spending market, not exclusively but mainly.

2. INSTITUTIONAL ARRANGEMENTS:

On the question of institutional arrangements the choice seems to me to lie between the Department of Tourism strengthened both in human and financial resources and a Public Sector Undertaking. Where does the balance of advantage lie? The admirable civil services are attuned to administration and regulation and less so to positive and dynamic programming involving risk-taking. The world tourism market is growing but so also is competitiveness and a tourism organization to be a successful one has got to have established among its staff a common understanding of "commercial" policy.

Tourism, because of its particular structure with a large number of small units covering a wide variety of different service trades, is an industry that puts unusual strains on the administrative machine of any government seeking to promote and guide its development.

Tourism by nature is somewhat different from other sectors of the economy since it is an industry based on movement or people rather than on goods. For this reason it is particularly susceptible to subjective considerations quite apart from the play of economic forces. Politics and social pressures, psychological attitudes, changes of fashion - they all influence the course of tourism development markedly and unpredictably. It is essential, therefore, that the tourism industry should be as flexible as possible and, as a corollary, the government's management of the tourism industry should also be as flexible as possible to be able to adapt to changing conditions and requirements.

A government department in essence may not be discriminatory. In tourist promotion it is necessary to be selective, to build on strength rather than on weaknesses. In this position a government department is handicapped by the political and local pressures that may be brought to bear on it.

Tourism is becoming increasingly a matter for professionals and employment of professionals in the government service can give rise to difficulties.

There are many procedures which are properly required in government service by the very reason of its nature, but these are time-consuming and opposed to the concept of an effective tourist organization disposing of its decisions quickly.

While relativity of salaries and incomes is a general requirement it is unavoidable for the efficiency of an activity like tourism that there be departures from this principle in the employment certainly of key personnel. Such departures are not tolerable in the civil services as they set up widespread repercussions.

Tourism is a cooperative business. Success depends on the close working relationship of the central organizations with carriers, shippers, travel agents, tour promoters, hoteliers, recreational enterprises and so on. The central organization must be able to move at the same speed as the private enterprise organization. Mistakes are inevitable in such an operation and in a government department responsibility for mistakes must be carried publicly by the Minister. But risks must be taken in this kind of activity and a public sector undertaking may make mistakes without the same degree of public liability. The test in its case must be its overall performance - whether it secures a reasonable rate of increase in tourism earnings each year.

The public sector undertaking has been favoured in Ireland where tourism has made substantial progress and it is now being provided in the United Kingdom.

In summary, therefore, I have come to the clear conclusion that the appropriate institutional arrangements for the future in Indian tourism is a public sector undertaking rather than a government department. Flexibility of procedures and staff recruitment, acceleration of decision and action, acceptance of selectivity and of risk taking, these are the factors which lead to my conclusion. I develop the features of such an organization at a later point but at this stage it is important to say that a public sector undertaking would have to have the full confidence of the Minister to the extent that he would, for instance, in the case of Parliamentary questions on its day-to-day activities reply that they were not his responsibility but the responsibility of the public sector undertaking. The position of course of the Parliamentary Committee on Public Sector Undertakings would not be affected.

It is essential that the national tourist organization be technically competent and recognized as such. The wide range of functions evolving upon it require a high degree of experience and professionalism and the calibre and prestige of the senior management of the national tourism organization

can be important factors in the effectiveness with which the government puts through its tourism policy. The need for change is already being felt as is illustrated by the arrangement entered into by which the Indian Tourist Development Corporation produces publicity material subject to the approval of the Department of Tourism. It is a split operation which could certainly be improved by the one party carrying both production and overall responsibility.

3. DOMESTIC AND FOREIGN TOURISM:

India has a distinct shortage of foreign exchange and is likely to be in this position for sometime to come. Everything though desirable cannot be done at the same time and the question must be put whether India's need for foreign exchange does not justify the setting of a higher priority for foreign (export) tourism than for domestic tourism. Domestic tourism, is of course, the underpinning for any well-founded tourism industry. Internal tourism has also been, to quote one of your Institute documents, "one of the greatest forces of national integration since the time of Agastya and Shankaracharya." As a matter of policy it would, I feel, be very difficult not to provide machinery for the growth of domestic tourism but with the size of India's population this growth could have adverse effects on the expansion of export tourism unless there is recognition of the need for priority treatment of the foreign tourist. If such a decision of priority were taken then the national tourist organization could concentrate its efforts on export tourism. The promotion of internal tourism could be allotted to the states and coordinating help provided for in the national tourist organization for this work of the states.

The national tourism organization will have a responsibility for the promotion of export tourism to all states in relation to the demands of that form of tourism. That there is some need, in fact, for this priority is illustrated by the finding of the IIPO survey that 11.9% of tourists interviewed had cancelled their trip to some place within the country for reasons such as lack of air facility, rail facility, and accommodation. If priority for export tourism is adopted as a policy matter then such developments would flow from it as the provision of special space arrangements in hotels, the holding of seats in aircraft, the availability of seats at festivals and so on. To give this priority without stirring up a corresponding resentment from Indians means that it has to be handled with circumspection. As between a campaign of education to convince

Indians that this priority treatment is justified in the national interest and a quiet informal machinery a choice should be made in the light of Indian conditions.

4. RELATIONSHIP OF PUBLIC AND PRIVATE ENTERPRISE

The relationship of public sector and private sector will require to be clearly defined. Tourism as said earlier, is very much a cooperative business. It should be pursued by means of frequent and informal contacts between the public and private sectors to ensure harmonious collaboration on the practical problems involved in making a tourism program into a profitable business. The public sector has functions which clearly belong to it. For instance, since the development of tourism will benefit the whole community it is appropriate that promotion and propaganda for it should be a function of the public sector. Specialized advertising by airlines, travel agencies, hotels, etc. has an enhanced impact if complemented by national publicity campaign. The public sector should not normally undertake what is appropriate to the private sector. The exceptions are, in my opinion, where something is required in the national interest of tourism and private enterprise is not willing to provide it even after the grant of certain incentives by the state. The other reason I see for the public sector operating in the private field is where the operations are undertaken with the object of setting standards and the headline for operation in the private sector as a whole. This could occur in the case of the operation of hotels by a public undertaking. Unless the Indian context is opposed to this policy stated here, I suggest that it would be helpful for it to be formally adopted as a guideline to both the public and private sectors.

5. MARKETING CONCEPT

The concept of marketing applied to tourism is a fairly recent development. It is still only applied in the more sophisticated tourist organizations. It seems to me that at the stage which Indian tourism has reached it is just about timely to introduce the marketing approach. Marketing vigorously pursued can be of vital importance to India's tourism. National tourist organizations, upto recently, accepted that they were discharging their responsibilities in implementing publicity and public relations campaigns. Progress is now being made towards the wider approach of marketing which may be defined as

- i) careful study of the present and potential tourists to India to identify the factors attracting them to India
- ii) analysis of what India has to offer tourists which is likely to attract them. (iii) creating a publicity and sales effort to get information about India's attractions before potential tourists (iv) making sure that tourists who come will be well cared for (v) follow up and evaluation of effectiveness of Tourism promotion and foreign exchange income. In the case of the national tourism operation there is normally no actual selling of a commercial nature and the term is used entirely in the promotional sense. But the acceptance of this approach has a clear effect on the type and structure of the tourist organization, and if it is formally adopted then it must be correspondingly applied.

THE ROLE OF THE NATIONAL TOURIST ORGANIZATION

What is the role of the national tourist organization against the background of unprecedented change which is taking place in the character of international tourism? At this stage of tourism development in India it may be thought premature to be thinking in terms of a role which has indeed not been understood and certainly not realised in tourist organizations in highly developed touristic countries. But in India where this overall review of tourism organization has been undertaken, it is relevant to set down what appears to be the new role for an organization national in character.

The choice is to become a vital catalyst at the heart of tourism growth or to remain in a position in which it is merely a purveyor of holiday information and a simple advertiser in the various market media. The historic role of national tourist organizations has tended to be in the latter category rather than in the former. Too often "marketing" in the tourist board context has meant operating information offices abroad on a shoestring, advertising on budgets small by airline and other standards, servicing coupon inquiries, carrying out press and public relations activities on limited resources, and making general calls on travel agents where possible.

In this day of growing interdependence between all the component groups in tourism such as carrier, car hire, agent, coach tour and hotel, and of competition

growing within each component group, it is for the national tourist organization to take up its proper role as the national and logical catalyst around which the other sectors can become cohesive. When sound research has been undertaken and informed conclusions drawn, a well-founded marketing plan can be drawn up which harmonises the availability of the "product" with the demands of the market, and by recognising the implications for development can set the pattern for development of facilities and amenities in the right direction.

The national tourist organization can act directly through its own action and indirectly through harnessing the activities of the private and public sectors so as to ensure national impact. This thinking has been developed in a paper which I made available to the Department of Tourism earlier this year. The tourism which most of us would like to see developed, is basically product-oriented - we should identify and sell what is indigenous to the country rather than try to create "artificial" products. To sum up, the place for the national tourist organization of the future is at the centre, accepted as the natural leader of the industry through the application of professional skills.

STATE AND REGIONAL ORGANIZATIONS

I find the relationship of central government and state governments complex and feel it would be rash for me to make recommendations based on my short visit to India. It may be useful, however, to indicate some demarcation of responsibilities which occurs to me in the light of experience in other countries. This could stimulate an examination of the relationship to see what could be applied in Indian conditions. In a country so large as India it does seem necessary that there should be field offices of the central tourism organization which, in fact, would be extensions of that organization's activity. They would be required to implement the central decisions, to act as the agent of the central office in exercising regulatory responsibilities, act as an intelligence service for headquarters, investigate and report on matters which can more quickly be done through a regional office. Each field office would cover a number of states and there would be enough field offices to cover all the states.

Earlier I have suggested that the major responsibility for domestic tourism should be placed on the states. It would be a logical arrangement for the state offices to be the information-providing units to tourists - both home and foreign.

This would imply that the regional office should not have ground floor premises encouraging the public to enter. In the position of the states independence it cannot be assumed that state offices will provide information about other states but the necessary backing up for this could be provided by the regional office. An inquiry in a state office about a matter of national content or extra-state content could be serviced by the state office telephoning the regional office. An important function of the regional offices would be to establish and maintain good relations with the state tourist officers and organization. The states tourism organizations might also be given responsibility for preparing an inventory of their area's tourist resources for transmission to the central body.

The main functions of the state tourist organization might be to provide visitors information services, to help visitors in finding accommodation if, after investigation, the service is found desirable, to develop visitor entertainment, e.g. special festival events, to implement agreed project plans, to publish information literature on the state, to receive, under the auspices of the central body, publicists and representatives of the travel trade from outside India, to deal with complaints arising in the state.

To standardize methods and servicing it would be desirable that periodically there should be meetings at executive level, of representatives of the state organizations under the chairmanship of the central body. The existing Tourist Development Council provides coordinating machinery at ministerial level. The meetings at executive level would also be educational in that the expertise and knowledge of the executives from the national tourist organization would be freely made available to the state's officers who for their part would contribute from their area experience.

It is a characteristic of regional or state tourist organizations elsewhere that they always show an anxiety to move into promotional activities abroad. This possibility is minimised by giving the states a full program of activity of the nature outlined and by convincing them that they are indeed engaged in the promotional operation in that they provide a very important development of after-sale servicing. Their activity can decide whether the tourist leaves India as a satisfied customer who will provide the most valuable publicity of all, the favourable personal recommendation of

the state and the country to his friends. A minor point that might be noted for attention in due course is the use of a standard "i" sign which is now used widely in Europe to indicate to foreign tourists an information office ready to serve. A specification of this sign which is illuminated at night can be supplied.

Exceptions to the general provision of state information by state officers would, of course, have to be in states where there are no tourist organizations and the central organization must provide. Similarly at the actual major points of tourist entry into India it would be logical for the central organizations to man the information office, as information should be available there or anywhere in India.

PUBLIC SECTOR UNDERTAKING:

The reasoning has been set out earlier leading to the conclusion that a public sector undertaking would be the most efficient, effective, and also economical organization for discharging the responsibilities of a national tourism body committed to securing substantial increase in India's tourist earnings. The division of activities in the future needs examination. The present activities of the Department of Tourism, according to its last annual report, fall under the following broad heads:

1. Compilation, collation and dissemination of tourist information in India and abroad; attending to inquiries from tourists, tour operators and the travel industry such as airlines, steamship companies and hotels, and assisting them.
2. Cooperation with international travel and tourism organizations at Government and non-Government levels.
3. Facilitation work such as simplification of frontier formalities either directly or in cooperation with the Union Ministries and the State Governments.
4. Development of tourist infrastructure.
5. Publicity at home and abroad with a view to promoting tourism.

6. Regulation of activities of various segments of the travel trade such as hotels, travel agents, shikar outfitters, guides, tourist car operators, and shopkeepers.
7. Compilation of statistics and market research on tourist traffic to India.

On the assumption that the decision which is recommended is taken, to depend for the future on a public sector undertaking, it would seem desirable that only those functions which can be discharged only by the Department should remain directly under the Minister. Otherwise there is a distinct possibility of overlapping and disagreement. In the new situation the public sector undertaking would be accepted by the Minister as his professional advisor on tourism matters. The Minister (and the Ministry cell servicing tourism) would deal with such matters as the appointment of the Board of the new undertaking, the securing of the maximum budget for the non-commercial operations of the new body, responsibility for the conformity of the tourist operation with general government policy, intervention, where desirable, in representations to other Departments on tourist matters, the receipt of an annual report from the new body, appraisal of its performance on the basis of this report. "People should be judged by results after they were given clear cut objectives to follow" (Nehru).

Of the activities of the Department set out above only under heading (2), cooperation at Government level, does there appear to be any activity which should, of necessity, remain with the department. It may be, of course, that the Minister may decide to nominate representatives of the tourist body as his representatives at such international meetings. The purpose of the regulatory activities in (6) is to improve the facilities for tourists. The regulation of hotels, for example, is not to collect revenue but to improve and maintain the standards of operation. It follows that this activity should lie with the tourist body which is, overall, responsible for that improvement. Other means, e.g. financial incentives, will be available to the tourist body for the same object and the most efficient use can be made of the different media by concentrating them in one body.

I visualize the new body as being made up at the top level of a full-time chairman who is also chief executive, a part time board of, say, five, and a general manager. The alternative would be a part-time chairman and board, with a full-time chief executive under contract to the board for a minimum

SUGGESTED ORGANIZATION STRUCTURE

FOR

AN INDIA TOURISM BOARD

Chart 1.

OVERALL ORGANIZATION

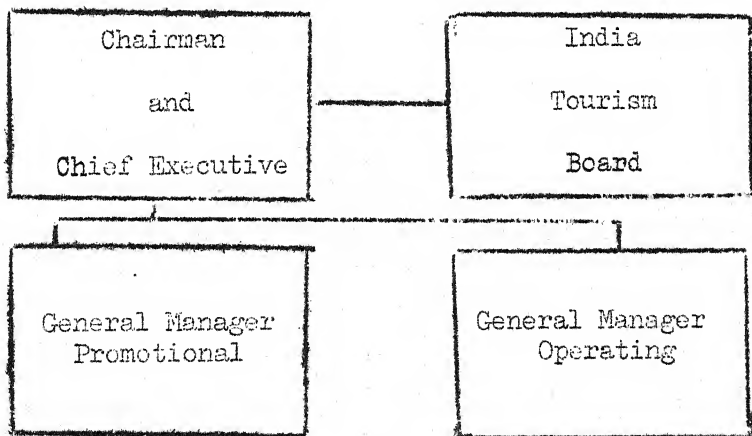


Chart 2. Organisation of promotional activities

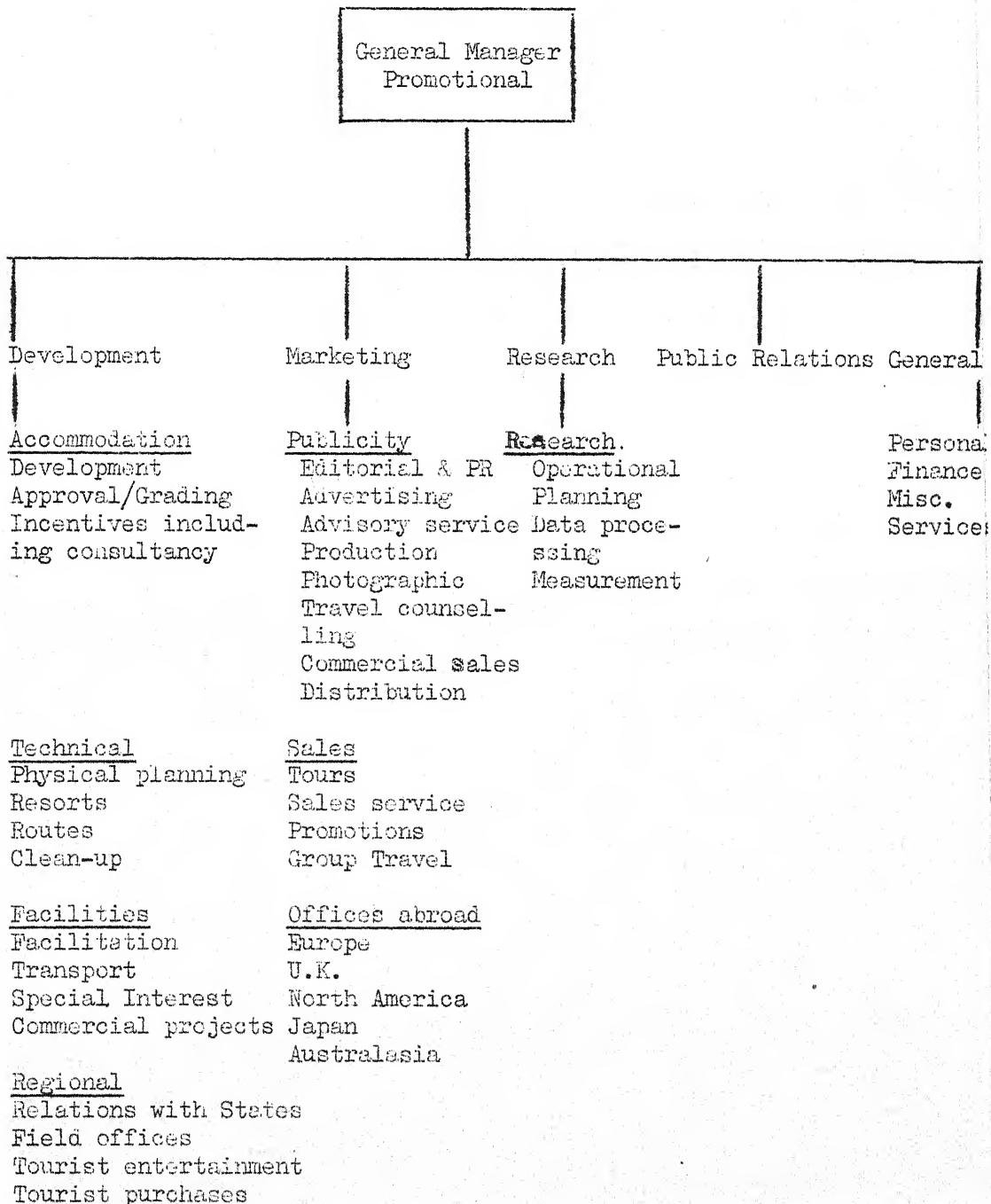
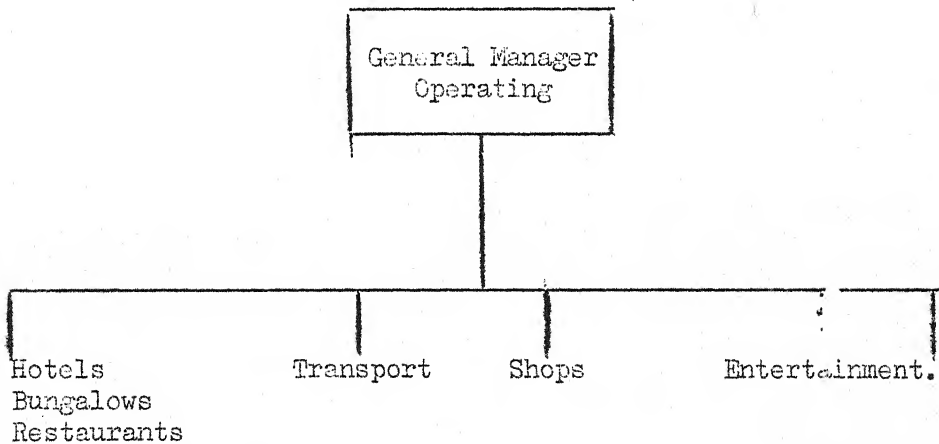


Chart 3. Organisation of operating activities



I understand the former arrangement is the normal practice in India. The board, including the chairman, would be appointed by the Minister. I suggest that the members should not be appointed in any representative capacity: for example, a representative of the Federation of Hotel and Restaurant Associations. To be representing an outside organization which often requires instructions from that organization inhibits the freedom of discussion so important at a board. The Minister obtains an annual account of their stewardship. Other intervention by the Minister would only be in case of emergency or major change in government policy as affecting tourist activities. The chairman and other board members accept full responsibility for developing objectives and policies of the organization. Possibly the most important of their responsibilities is the appointment of the chief executive (if that alternative is chosen).

The Chief Executive whether Chairman or not must carry the full authority and responsibility for translating agreed policy into instructions for executive action, for controlling the whole process of management, and for answering to the board for its effective operation throughout the enterprise. A part-time chairman of the board is not an executive. The board's function is always deliberative--to weigh, assess, and discuss the facts of the situation and to formulate policy. The combined wisdom and experience of a broadly-based board can be of considerable assistance to the chief executive in his task. Probably the chairman and chief executive would have fairly regular contact with the Minister so that the policies and objectives were fully appreciated by the Minister, and to reassure him that they were in line with overall government and ministerial policy.

I do not pretend that the foregoing comments are fully comprehensive, but I think they do indicate what I regard as the desirable objective. The choice between whole-time or part-time chairman is one to be made in the Indian context.

Under this arrangement the Minister will be utilising, to the full, the flexibility of the public sector undertaking and would eliminate any "supervision" by the cell servicing the Minister of the operations of the tourism body while retaining ultimate control through board nomination and budget provision.

My feeling is that instead of extending the scope of the Indian Tourist Development Corporation there should be a new body set up called the India Tourism Board - this title is immediately recognizable in international circles and carries weight accordingly.

It is unusual outside the planned economy countries for the tourist board to be involved in operating hotel and other enterprises. In the existing situation in India it seems to me that for the time being, at any rate, the operations of the ITDC in the hotel, transport and other fields should become part of the India Tourism Board. They could be a separate operating division or a subsidiary company. They would need, in any case, their own general manager working to the chief executive of the board. Their operation is subject to the discipline of a profit and loss account and to that extent is measurable as to efficiency. It can provide the tourist board with an executive operating arm in the event of private enterprise not being prepared to enter into certain areas which the national tourist interest requires to be developed.

At the same time the board should draw as clear a distinction as possible between its promotional and operating activities so that it can provide a convincing answer to the criticism that will undoubtedly be made that the board favours its own operating units, whether in promoting them particularly or in giving them preferential treatment in grading and so on. In some ways the existence of two corporations would mean a clearer demarcation of responsibilities. In the Indian context, however, it seems to me that the combined operation has the balance of advantage on its side. The tourist board can present a distinctive image and develop a house style appropriate to its activity.

TOURISM TRAFFIC ANALYSIS:

It is obvious to me that in recent years a serious effort is being made to secure more factual information about the composition and characteristics of India's tourism. The definition of "tourist" in use internationally requires to be broken down into its component parts in a tourist board's operations. Tourists on business are not susceptible to the influence of tourist board promotion. They can, of course, add to tourism earnings if the tourist board provides additional facilities encouraging spending beyond their normal expenditure. Tourists visiting relatives could be responsive to tourist board

promotion, particularly when return to India is made easier by tourist board action. This ethnic travel can be gone after best by "sales" activity as can also be the securing of conferences and conventions.

Tourism/holiday as used in the IIPO report is by far the largest segment of the traffic. The term is misleading as there is, of course, a holiday motive in the tourist-visit-relatives segment and there may well be a holiday motive before or after and even during conferences. It is a minor point but some thought might be given to replacing the term "tourism/holiday" by "tourist/general". The four classes mentioned account for 88% of India's tourism. The segments on which a tourist board will concentrate its effort are those which are susceptible to promotional activity. Correspondingly it is in the growth of these segments that the effective performance of a tourist board is measurable.

OPERATIONS ABROAD;

From the background material supplied by the Institute and from other sources the impression given me about tourism operations abroad is one of diffusiveness rather than of selectivity. The need to know more of markets not only in the geographical sense but in the special interest sense is well recognised. Surveys so far are confined to those who have come to India and I have not seen any material relating to those who have not come to India but who might well be persuaded to come.

The Department of Tourism has eight tourist offices overseas plus sub-offices in Mexico City and Chicago. On first look, the number of offices is large when compared with the traffic of under 200,000 to India. I believe that an evaluation is intended to be carried on the return from each of the offices related to the expenditure involved and the possible alternative use of the funds in the rather difficult budgetary situation of the tourism activity. One element that should be taken into account in the review of these offices is the relative value of having the office on the ground floor which is normally rather expensive or having it upstairs and using it mainly as a centre for replying to inquiries and for exerting pressure on the travel trade and on publicists. I also get the impression that the existing offices are operated with a certain governmental slant. In many cases there is close association on tourist operating decisions with Indian diplomatic

officials. The reason for this is not clear to me. and, indeed, looks like a time-consuming sharing of responsibility.

I had the opportunity of getting a reliable and independent report on the London office. It is ideal in location as India's potential tourists are "up the market" and are the type of person who frequent Bond Street. The new manager operates well and her plans for servicing the travel agents both in London and in the provinces are impressive. The office suffers very badly, indeed, from the shortage of money for good window displays and interior decoration. The standard of window display in Bond Street is very high and India would require to have, not infrequently, three dimensional colourful moving displays. On advertising in Britain, the impression of my reporter is that it is good but, again, underfinanced.

The arrangement entered into in July 1968 by which Air India was given responsibility for tourism publicity in the Continental Europe area with an 80% contribution from the Department of Tourism is interesting. There are clear advantages to the Department of Tourism in the addition of the Air India 20% to the tourism pool, the new interest of Air India offices in the area in selling tickets to India, special arrangements for travel by Tourism officers and the effort being made by Air India to secure lower fares to India through IATA. Not unreasonably, most of these advantages should be available from the national carrier serving India. In any case correspondingly it is reasonable that the national tourist organization give priority to the national carrier without inhibiting its freedom to cooperate with other carriers. 86% of Tourists to India use air transport and it would be interesting to have figures showing how the traffic into India is distributed between the various carriers. When the time comes to review the arrangement it should be carefully examined to see if any loss of identity of the national tourist office which carries a greater impact in selling the country, has in fact been offset by advantages some of which might in any case, be offered by Air India to the Indian National Tourist organization.

SECTORS OF ACTIVITY

I offer some comment on the various sectors of activity - First on the tourism plan, since the organization clearly will not be able to afford to do everything at once it may do well to select as its priority zones for development those areas where tourist attractions are already proved and where the

infrastructure already exists or can readily be improved. The development of new tourist regions although possibly a worthwhile proposition in time will require heavy prior investment. The return is, therefore, likely to be not only quicker but greater in relationship to the new investment involved, if the tourism plan concentrates on expanding and improving facilities in existing tourist regions first. This comment applies not only to works of physical development but also to the provision of transport and accommodation and recreational services where an intensive build-up on recognized and known-to-appeal routes should be a priority.

1. ACCOMMODATION

The trend to accommodation capacity provision seems set fair. The impact of the incentives introduced a year ago is impressive. The increase anticipated by the Department of Tourism between 1969 and 1973 will see 5,000 rooms provided and there is confidence that projects "yet to be conceived in 1970/71" will be completed by 1973 providing another 5,000 rooms. This if achieved would mean the target of accommodation estimated as necessary to handle the 416,000 tourist forecast in the Boeing projection for 1973. Approval of hotels and their grading is primarily to provide standardised information for tourists and the travel trade. But it also can be used to raise the standard of the hotels if the visitation is not only an inspection but also an advisory and helpful operation. The Hotel Review and Survey Committee 1968 report has made very valuable recommendations. I should like to comment on only two of them.

The need for a continuing machinery covering approval and grading (classification), is recognized by the Committee which recommends the setting up of a permanent central committee with four regional subcommittees to carry this responsibility. I feel that as an alternative to this committee structure consideration should be given to carrying out the task by professional i.e. trained in hotel management members of the staff of the tourism organisation. This would ensure continuity and uniformity of application. The officers might be called for example "accommodation development officers" and as well as carrying out the check of the condition and operation of the premises they would be able from their professional knowledge to offer help and suggestions to management and from their central office experience offer information on the incentives

available to improvement and expansion. If the recommendation on an Indian Tourist Board is accepted then the recommendations of the officers might be put before the board at their routine meetings for formal approval. It may be that it would be necessary to set up an Appeals Committee to enable aggrieved hoteliers appeal against grading decisions. This might be made up of a representative of the tourist board, one of the hotels federation and one independent person. The number of hotels to be dealt with is not large -- under 170. Consideration should be given to the publication and distribution annually of the list of approved hotels with information on the facilities they provide and the prices in standardized form. Such publications have been found useful in other countries for tourists and for travel agents.

The Committee recommended against introducing controls to standardize rates for hotels. Some supervision of hotel rates is to be exercised by continuing the application of the "modified Hubbard formula". I suggest that this task be reconsidered. There is no evidence in the Committee's opinion that the level of hotel prices in India is a deterrent to tourism. The need then is not to regulate prices but to provide tourists with information on the hotel prices current. This could be done by requiring the hotels to file their maximum and perhaps minimum prices under the various heads by a certain date which would enable production of the hotel list suggested earlier in time for distribution through the ordinary channels. Hotels would be required to stand by these rates for a year once they were filed with the tourist board.

2. PROJECTS

For developing commercial projects to be used by tourists, e.g. reference has been made to the possible attraction of sea angling, the incentive of providing priming grants might be considered. A feasibility study on some desirable project may show that a grant element could make all the difference to its viability. In the position that India will want to provide more things to do for the tourist, there may be scope for such an incentive. Grants are given to hotels in the U.K. and in Ireland to hotels and tourist commercial enterprises which need this incentive to get started.

3. TOURS

I suggest that consideration should be given to the development of "inclusive charge holidays" and that the reorganized

tourist organization could well take the initiative in bringing the various elements together from their central position. A tour includes transport, accommodation, sight seeing, sporting facilities or other specific attractions. The term "inclusive charge holiday" is used rather than "package holiday" to circumvent the undesirable image of "package" and to encourage the putting together of holidays of higher quality which India is basically equipped to offer. Inclusive charge holidays, of course, apply more often to individuals or small groups rather than to larger groups.

The inclusion of India in the programs of major wholesale tour operators is a priority objective. As tour routes and facilities are considered satisfactory wholesale tour operators should be encouraged to go over the ground and, of course, give a gilt edged treatment in the process.

From what I have learned there are no coach tours of more than a day's duration. The problems mentioned are distances, road conditions, and lack of air conditioned coaches. The coach tour is such a feature of international tourism nowadays that it should certainly not be abandoned as impractical in India. It need not be at all a low priced market when first class hotels and other facilities are included in the tour.

In the position that Indian Airlines I understand operates at very high load factors, consideration might be given to allowing charter operators who fly into India to carry their load between points in India and so providing an inclusive tour and probably extending the stay in India of the tourist concerned.

4. MARKETING

The introduction of marketing into the Tourism Board operation will require as the first step preparation of an overall market plan for Indian tourism. In this operation stock is taken of all Indian tourist "products" and they are assessed in terms of international competition as to their acceptability in various markets. The marketing staff unit has the function of producing and keeping upto date the marketing plan which will set targets for tourists and revenue, establish priorities for promotion in terms of markets and products, and will indicate priorities for the creation, improvement, or extension of travel facilities, products, accommodation amenities and regional development. This unit

will also analyze and interpret data on performance including the forecasting of probable trends. The marketing unit in summary, will provide for all marketing decisions the fullest possible information of patterns of demand in the markets for tourism to India; it will set out the best methods and combination of methods of increasing that demand; it will provide information and advise on the obtaining of information relevant to developmental decisions. (I have given a copy of the Irish Marketing Plan to the Director General, Department of Tourism as a prototype)

5. SALES

The use of this term in relation to a tourist board operation is not usual. The sales function in this context may be defined as:- to generate traffic in coordination with research, planning and publicity activity by means of personal action at trade and consumer level.

6. SPENDING BY TOURISTS

Stress has already been laid on the need to encourage and facilitate spending by tourists. Any restriction which limits the duration of stay of tourists in India should be carefully reviewed and retained only if the case for it is overwhelming. Currency changing should be made as convenient as possible. A good example of what should be done is covered in the recommendations by the Institute on making available currency changing facilities in the tourist hotels.

7. PUBLIC RELATIONS:

Emphasis was laid, earlier, on the need for those working in tourism to secure its acceptance by the competent authorities and organizations as serious economic activity and worthy of full support. In the early years of the build-up of a new tourist organization this activity carries with it a decisive importance. In the proposed organizational structure the PR unit in India reports directly to the chief executive. Its function will be to communicate to the Indian public (a) for the benefit of the tourist board and (b) for the benefit of the tourist industry. This order is put deliberately because a key requirement for the success of the tourism industry is full knowledge of and confidence in the national tourist organization.

The unit should see to establish in the public mind

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by selective use of media of communication that the Indian tourist board is concerned with the national welfare going about its job effectively and honestly, achieving and encouraging high standards and good taste and acting patently on objective considerations. For the industry, it should endeavor to gain public support for tourism and to encourage a desire to be helpful to visitors by establishing in the public mind that tourism is an industry of considerable economic advantage, a social and cultural asset, developing the country for the benefit of resident as well as visitor, preserving the national heritage and individuality, in sympathy with the improvement of taste and artistic standards, important to all parts of the country and to all elements in the population.

The methods which might be used and not to be gone into here but I should give some illustrations. Influential groups and people in India should be set in order of significance and their support sought by public utterances and otherwise. Credit should be given publicly to hoteliers and members of the travel trade and other individual people and groups who collaborate with the tourist board in the development of tourism. It is no harm to voice the warning that public relations activity in the tourism organization should never outpace operational achievement. This public relations operation is concerned only with activity inside India.

MEASUREMENT OF EFFECTIVENESS OF ACTIVITIES

The primary object of this is to relate income with expenditure and to divide promotional resources between markets and products to optimise present and future revenue. A secondary use is to convince doubting finance officials, that there is an essential relationship between promotional activity and tourism revenue.

There are difficulties involved in closely relating income to expenditure in the case of a promotional body like a Tourist Board. The standard approach is (a) to determine the markets and products to be used for control purposes; these should be related to those used in compiling the marketing plan and in setting up accounting classification as will be required anyway under the new Performance Budgeting System. (b) subsequently all expenditure should be related to these market products, as well as to executive responsibility (c) use sampling techniques in regard to visitors as a means of obtaining details of the trade being obtained; information obtainable from hotels can be of value. (d) provide management

statements comparing the relative expenditure income from markets products projects. It is conceded that a fair amount of apportionment will be necessary and that results will not be very accurate. However, a procedure like this should ensure a reasonable degree of management control coupled with increased cost consciousness.

Broadly speaking India's overall performance should be seen in the context of two basic considerations (a) the extent of India's achievement and that of her comparable competitors, (b) India's progress from year to year. No general yardstick is yet available to measure the overall effectiveness of a national tourist organization. But yardsticks are available in the case of specific activities.

REVENUE PRODUCING ACTIVITY

While financial resources granted by government remain at a lower level than required it is advisable to explore all revenue producing possibilities. Already the Department of Tourism is considering payment by hoteliers in respect of the approval and classification operation. Such a levy should be calculated perhaps on a room basis and should be sufficient to cover overall expenses of the operation. A bonus for hoteliers would be the publicity they get if the suggested hotel list is produced annually and widely disseminated. The suggestion is being made in the Institute comments that a charge be made on those to whom cars and spare parts are allocated. Advertising in tourist board publications from Indian tourist interests is another possible source of revenue. The production of publications for sale should also be considered. It is not too difficult with the material available in India to visualise the production also of a high class quality magazine promoting India say, four times, yearly, for distribution free to selected outlets but also for subscription on a general basis abroad also, and at home.

Note, I have given you separately my specific comments on the draft report material already prepared by the Institute.

DELEGATION

An executive can only be held responsible for the effectiveness of those activities over which he has direct control. The principle of delegation I found fully accepted; it can be applied under the new structure recommended provided

that personnel of appropriate calibre are recruited.

DISTINCTIVENESS

A final and very general comment. One of the dangers seen in international tourism is what is known as "the pall of uniformity". A country developing its tourism is well advised to build on indigenous resources, on its own culture, and on its own tradition. What the tourist will want to see is what is different and what is interesting and what is appealing. Hotels, for example, in their architecture and interior decor should be evocative of India. A simple prescription is that where anything involving comfort is concerned there is a minimum international standard to be met; for what involves entertainment, and so on, the object should be to retain distinctiveness and atmosphere. In the physical planning context this requires that particular attention should be given to the safeguarding of special amenity areas; the number of "notified areas" should be increasingly large.

OVERALL STRUCTURE

The organization chart of the Department of Tourism which I have seen gives the impression of individual activities being added as they became necessary. One result is that the span of responsibility of the Director-General is much too wide. I have drawn up a suggested structure which in the light of the comments earlier in this report I think self-explanatory. As much as possible the services under "General" should be common to both divisions. If the decision is to retain the Department of Tourism then the organizational structure proposed would still stand recommended but excluding the operating division or subsidiary which should be taken out and remain the ITDC. I should be less than consistent if I did not state that while the suggested organisation would, in my opinion, work much better than the existing organization in the Department of Tourism, it would still have a far better prospect of working successfully in a public sector undertaking.

CONCLUSION

In putting this report together I have been very conscious of the very short time available to me to inform myself and to analyze the situation. This must mean inevitably a certain superficiality which I have tried to reduce in dealing with the basic organisational problem. Should the Institute desire any elaboration of points in this report I

shall certainly try to provide this from Dublin, on request. I received the utmost help and cooperation from Dr. Khosla, and Mr. V.S. Desikachari of the Institute from Mr. S.K. Roy and Mr. Jain of the Department of Tourism, Mr. Ramesh Thapar of the ITDC and from the Representative and Mr. Ross Pollock of the Ford Foundation, and I record my sincere thanks. I also had a fruitful discussion with the Secretary, Ministry of Tourism and Civil Aviation, Mr. A. Mitra. I mention in particular a meeting which the Minister, Dr. Karan Singh, was kind enough to grant me. This especially confirmed in my mind the feeling of optimism about the future of India's tourism.

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